

Media Release

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Private Healthcare Australia
Better Cover. Better Access. Better Care.

Record PHI membership, record claims and the risk of higher premiums

More Australians than ever before are relying on private health insurance for their healthcare needs.

Timely access to surgery, mental health treatment, and flexible, convenient care options has seen more than one million Australians sign up since January 2020 and the latest APRA data shows that almost 14.7 million people (55.1% of the population) now have private health cover.

The APRA report reveals that hospital and extras claims by members have skyrocketed back, exceeding pre-pandemic levels, and health funds are paying record benefits on behalf of members.

In the year to September 2023 health funds have paid an annual record high of \$23.2 billion in benefits, an increase of 10.4 percent or \$2.19 billion on the previous year.

The number of hospital episodes paid for by health funds during the 12 month period is up by 9.6 percent to a record high of 4.88 million, which exceeds pre-pandemic figures. There's been an annual increase of 5.4 percent in extras services funded to a record 101.6 million including dental, optical, chiropractic and physiotherapy, among others.

The surge in services and claims paid follows 13 consecutive quarters of membership and coverage growth since the beginning of July 2020.

PHA CEO Dr Rachel David warned that increased utilisation combined with health inflation would lead to higher premiums unless the government and health providers work with our health funds to double down on addressing affordability.

"Now more than ever as Australians struggle with the cost of living, we need to stamp out waste in the health system and ensure every dollar spent is directed to getting the best health outcomes.

"It's beyond belief that in these tough economic times, Australians are still paying the highest prices in the world for medical devices, between 30-100 percent more than in comparable countries, due to an outdated price setting arrangement with multinational medtech companies.

"Overpriced medical devices are a key factor in driving higher premiums. In the year to September 2023, health funds paid a record \$2.335 billion in medical devices benefits. The number of medical devices funded by PHI over the past four years has increased by 13 percent, which is totally out of proportion to the 1.3 percent increase in medical services and the 3.7 percent increase in hospital episodes. This represents growth driven by the sales and marketing activities of the big surgical implant companies, and has had no proven impact on patient outcomes.

"Health funds have been working to keep premium rises well below inflation; they have returned more than \$4 billion to members since the start of the pandemic via cashbacks and premium deferrals fulfilling the commitment

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 21 Australian health funds with a combined membership of over 14.2 million Australians, or 98% of the sector on membership.

Media contact: Jen Eddy
M: 0439240755

Private Healthcare Australia
Suite 7, Level 36
1 Farrer Place
SYDNEY NSW 2000

T: (+61) 2 6202 1000
E: admin@pha.org.au
www.privatehealthcareaustralia.org.au
Twitter: @PHA_Healthcare

not to profit from COVID lockdowns, but now procedural medicine has returned to normal and health inflation is rising, it's increasingly challenging to manage affordability.

"It's simply not possible to pay the highest prices providers and stakeholders demand for goods and services in private health, and deliver affordable premiums.

"We will work with government to keep downward pressure on premiums, keep health inflation under control and reduce cost of living pressure for 14.7 million Australians," Dr David said.

This means:

1. Taking every possible measure to bring the Australian prices of generic medical implants and surgical supplies back in line with global market prices.
2. Introducing a rigorous Code of Conduct to monitor the sales and marketing activities of the big surgical supply companies in Australia, to bring it in line with the pharmaceutical industry.
3. Removing low value and harmful medical devices and services from the market as soon as the supporting clinical evidence becomes available. We should never again have to rely on plaintiff legal cases brought by injured patients to resolve these issues, as has already occurred with pelvic mesh and metal-on-metal hips.
4. Permitting health funds to pay for evidence-based out-of-hospital care models provided by all health professional types, in addition to allied health professionals.
5. Monitoring out of pocket costs for specialist medical care, and policing illegal and inappropriate billing practices like split billing, booking and admin fees. The government has made an excellent start in this area with the more accurate measurement and reporting of bulk-billing statistics.
6. Introducing 'surprise billing' legislation similar to the Biden administration legislation, to introduce penalties for failure to provide informed financial consent for private medical services.

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